



**Central
Intelligence**

National Intelligence Daily

**Thursday
5 November 1987**

25X1

~~Top Secret~~

CPAS NID 87-258JX

5 November 1987

25X1

Page Denied



25X1

Contents

Persian Gulf: Situation Report 1



25X6

Pakistan: Preparing for Municipal Elections 5

Notes

France: Presidential Election Politics 6

International: Protesting Possible Losses of US Trade Benefits 6



25X1

Kuwait: Developing Safer Oil Export Options 8



25X1

USSR: Continued Concern About Drug Abuse 10

In Brief 11

Special Analyses

Nicaragua: Peace Plan Strategy 12



25X1



Top Secret

5 November 1987

25X1
25X1

Page Denied

Top Secret

25X1

PERSIAN GULF: Situation Report

25X1

Rafsanjani
Addresses
Anti-US Rally

Consultative Assembly Speaker Rafsanjani yesterday gave the principal address at demonstrations in Tehran to mark the eighth anniversary of the seizure of the US Embassy by student militants. He characterized US foreign policy as confused, inconsistent, and reactive and said that US policy changes according to the shifting influence of White House factions. [redacted]

25X1

Comment: Rafsanjani's focus on alleged shortcomings in US policy indicates Iran's continuing sensitivity to the US domestic political climate. Tehran's leaders appear confident the Iranian public believes their assertions that a weakening of US domestic resolve will have as much influence as Iranian actions in eventually leading the US to withdraw from the Persian Gulf. Rafsanjani's reference to US factions was probably in part a tongue-in-cheek playback of US assessments of Iran's factional politics. [redacted]

25X1

Top Secret

25X1

5 November 1987

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Page Denied

Next 2 Page(s) In Document Denied

25X1

25X1

25X1

25X1

25X1

Top Secret

25X1

PAKISTAN:**Preparing for Municipal Elections**

Prime Minister Junejo's Muslim League hopes to capitalize on opposition disarray by holding snap municipal elections. [REDACTED]

The Chief Ministers of Pakistan's four provinces, all governed by the League, will set dates and rules. Nonparty elections are planned for 30 November in the North-West Frontier and Baluchistan Provinces. Dates have not been set for the crucial Punjab and Sind Provinces, but the US Consulate General in Karachi reports they will take place this year. The League scored a victory last Thursday, winning two-thirds of the seats in local elections in Pakistani-controlled Kashmir. [REDACTED]

25X1

The US Embassy in Islamabad reports Junejo's opposition is badly divided. His strongest foe, People's Party leader Benazir Bhutto, is feuding with several small parties with which she has been in an uneasy coalition. The opposition has no unified election strategy, but Bhutto has announced that her party will informally back a slate of candidates. Candidates directly sponsored by political parties can be disqualified. [REDACTED]

25X1

25X1

The Muslim League is better prepared for quick elections in the North-West Frontier than its foes, the US Consulate in Peshawar reports. A Muslim League candidate won an overwhelming victory in a Punjab parliamentary byelection in September. The League has also made gains in Sind and Baluchistan—provinces where the League has been chronically weak. Last month, eight influential Baluch tribal leaders joined the Muslim League. The Consulate General in Karachi estimates those leaders control the loyalty of 200,000 voters in Baluchistan and Sind. The former head of the opposition People's Party in Karachi and several of his lieutenants also have recently joined the League. [REDACTED]

25X1

Comment: Local issues and personalities will determine many contests, but a good League showing is crucial to Junejo's political credibility. The vote will also gauge how well the League and its rival, the People's Party, are building grassroots organizations that will be crucial in the next parliamentary election, which must be held by February 1990. [REDACTED]

25X1

The recent successes the League has enjoyed have increased its leaders' confidence, and it may begin to attract fence sitters. The Karachi defections were also influenced by squabbling between Bhutto and People's Party veterans and by government patronage. The League still trails the People's Party in rural Sind, but the Karachi defections underscore the latter's weakness in that important city. [REDACTED]

25X1

Top Secret

25X1

Top Secret

25X1

FRANCE: Presidential Election Politics

Preelection press leaks about illegal French arms sales to Iran under the previous Socialist government may backfire on the ruling political parties. A classified defense study reportedly implicates Socialist officials, including President Mitterrand and former Defense Minister Hernu, in the arms deal and its coverup and alleges that profits from the sales were diverted to their party. [REDACTED]

25X1

Comment: This is the latest in a series of scandals unearthed by both the right and the Socialists, and the Socialists may now feel it is necessary to go on the attack. They may resurface allegations that the right had asked Iran to postpone release of French hostages until Prime Minister Chirac came to power last year and highlight Chirac's failed efforts to improve relations with Iran and to resolve the current diplomatic standoff. Such revelations have helped neither group and have probably increased the voters' disillusionment with political parties and benefited the candidacy of independent center-rightist Raymond Barre. [REDACTED]

25X1

INTERNATIONAL: Protesting Possible Losses of US Trade Benefits

South Korea, Brazil, Hong Kong, Taiwan, and Singapore have all issued strong protests in response to press reports that the US is considering terminating their tariff benefits under the Generalized System of Preferences. According to the US Embassy, South Korea claims the action would complicate its domestic political problems, while Brasilia is arguing that the action could complicate bilateral trade relations. Singapore and Hong Kong are calling the action a punishment inflicted despite their open trade regimes. Taiwan maintains it has adequately addressed US trade demands. [REDACTED]

25X1

Comment: Privately, not one of them believes it would suffer major economic hardship as a result of such US action, although some politically sensitive sectors may be hard hit. Only Brazil would be likely to take immediate retaliatory action, although Singapore may threaten to abrogate its recent agreement with the US on high-technology trade. [REDACTED]

25X1

Top Secret

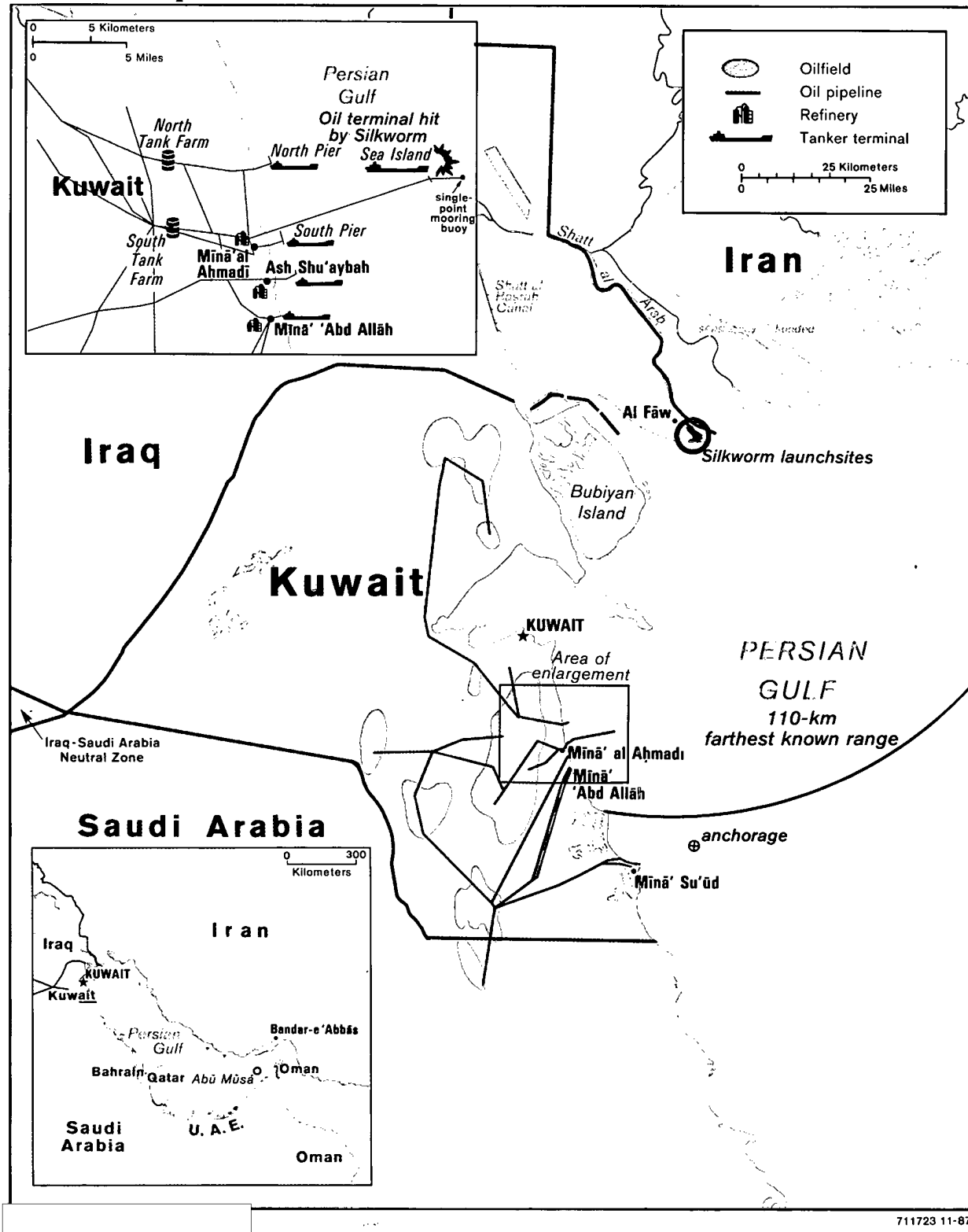
25X1

Page Denied

Next 1 Page(s) In Document Denied

Top Secret

25X1

Kuwaiti Oil Export Facilities

25X1

Top Secret

5 November 1987

25X1

Top Secret

25X1

KUWAIT: Developing Safer Oil Export Options

Kuwait has delayed repairs to its Silkworm-damaged Sea Island oil export terminal until radar decoy barges are in place—approximately four weeks from now—according to the US Embassy. Meanwhile, draft restrictions at the North Pier export terminal are forcing Kuwait to top off crude oil tankers larger than 250,000 deadweight tons, using ship-to-ship transfer, at an anchorage north of Mina Su'ud and out of the range of Iran's Silkworms.

25X1

25X1

Comment: Activation of a single-point mooring at Sea Island, which is capable of loading the largest tankers, will probably be delayed one to two weeks after the decoy barges are in place and tested. Repairs to the Sea Island terminal are likely to take two months. Kuwait can probably maintain exports of 1.5 million barrels a day of combined crude and product—well above its OPEC quota—until the single-point mooring is operational.

25X1

25X1

25X1

Top Secret

25X1

Page Denied

Next 1 Page(s) In Document Denied

Top Secret

25X1



25X1

USSR: Continued Concern About Drug Abuse

Moscow's concern about domestic drug abuse may be increasing as local narcotics users resist control efforts. Recent Soviet press reports indicate that all cultivation of the oilseed poppy—used primarily for cooking—will cease this year after the harvest because of difficulties controlling its illicit opium byproduct. The US Embassy previously noted that the government had called for improved supervision of the poppy fields earlier this year. These efforts, according to press reports, have been led by local militia but have failed to prevent armed confrontations between the militia and drug dealers and users or to stop backyard poppy production. [REDACTED]

25X1

Comment: Most of the drugs used in the USSR are homegrown, primarily wild or cultivated poppies and hemp. The publicity Moscow is giving the issue underscores its relative lack of control over domestic consumption. It also suggests that the effect of its antinarcotics campaign—which over the past year has included preventive education and other measures—has been slight.

25X1

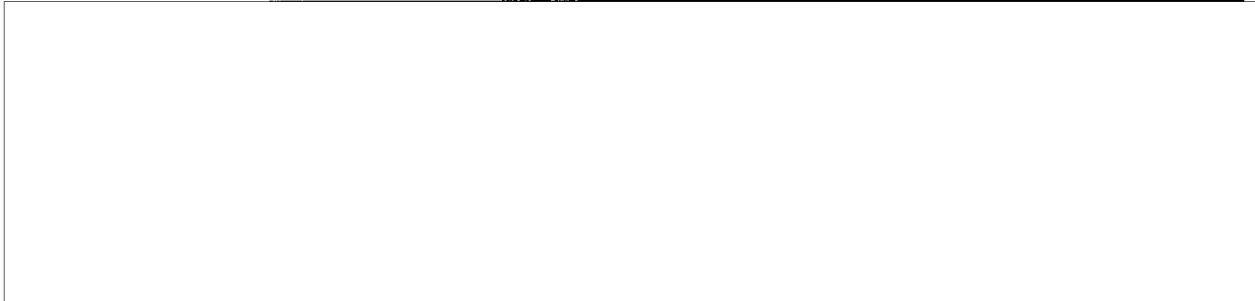
Top Secret

5 November 1987

25X1

Top Secret

25X1

In Brief

25X1

Middle East

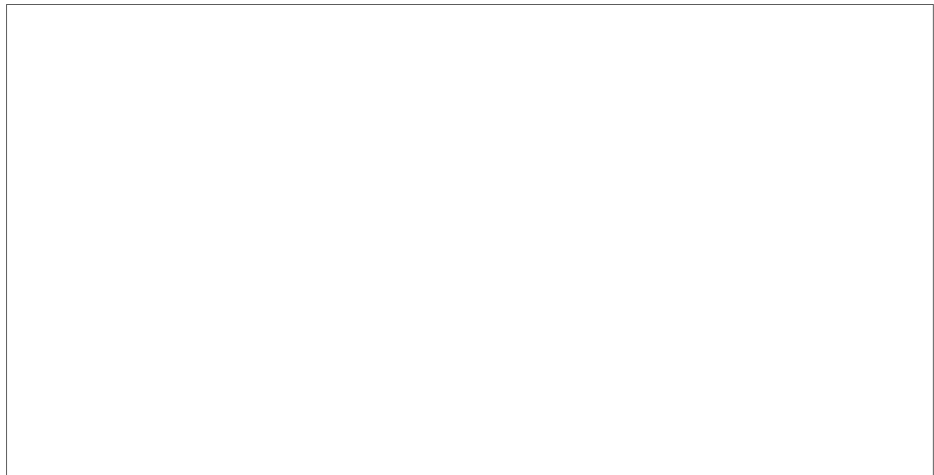
- Hizballah attacked in **Israeli** zone in southern **Lebanon** yesterday, breaking four months of relative calm. [redacted] no Israeli casualties reported, but at least one South Lebanon Army fighter killed. [redacted]

25X1

25X1

25X1

25X1

**Terrorism**

- **East Germany** investigating possible links of Palestinian trading companies in East Berlin to terrorist, illegal activities . . . Western press charges reportedly prompted move . . . may be timed to Deputy Secretary Whitehead's visit this month. [redacted]

25X1

America

- **El Salvador's** unilateral cease-fire, starting today, underscores intent to comply with regional peace plan . . . would lend legitimacy to any **Nicaraguan** call for expanded unilateral cease-fire, despite Sandinistas' refusal to talk to rebels. [redacted]

25X1

Europe

- Decrease in **UK** defense budget less than expected over next three years . . . will reduce but not eliminate projected real decline in spending . . . eases pressure on near-term procurement, but budget shortfalls in 1990s remain likely. [redacted]

25X1

Top Secret

25X1

Top Secret

25X1

Nicaragua: Compliance With Central American Peace Plan

Key Requirements of Plan

Government will begin dialogue with unarmed political groups.

Amnesty decrees will be issued.

National Reconciliation Committees will be created to verify compliance on amnesty, cease-fire, and democratization.

Regional governments agree to take all necessary actions to obtain cease-fire.

Governments to promote pluralistic, democratic process, including complete media freedoms and no prior censorship. Opposition groups have right to organize and hold public demonstrations. States of siege/emergency to end.

Sandinista Actions

Managua opened talks with opposition groups early last month. Refuses to talk to insurgent leaders.

Regime claims existing amnesty law is adequate. Refuses to declare general amnesty and release all political prisoners but says it will announce new law today.

Managua was first regional government to name committee. Selected prominent regime critic—Cardinal Obando—to head committee, but membership stacked in Sandinistas' favor.

Managua has unilaterally declared four small cease-fire zones. Adamantly refuses to negotiate a cease-fire with insurgent political leaders. Trying to use local peace committees to persuade insurgents to put down their arms.

Managua has allowed independent newspaper *La Prensa* and Catholic Church radio station to reopen. State of emergency remains in effect, but regime considering lifting. Harassment of opposition continues.

Top Secret

5 November 1987

25X1

25X1

Top Secret

25X1

Special Analysis**NICARAGUA:****Peace Plan Strategy**

The Sandinistas have taken advantage of the vague provisions and deadlines in the Central American peace plan to avoid the accord's toughest reforms. Regional pressure to adhere to a stricter interpretation of the plan—including a demand for cease-fire negotiations with the rebels—has eroded the regime's image of compliance in recent weeks. Managua may announce additional cosmetic moves this week to regain the initiative but probably hopes it can use continued US support of the insurgents as an excuse to avoid full compliance.

25X1

The Sandinistas moved quickly to lift restrictions on the most visible symbols of opposition to the regime, hoping to portray a willingness to comply with the peace plan and thus prevent further US aid to the insurgents. The reopenings of the independent newspaper *La Prensa* and the Catholic Church radio station, the return of exiled antiregime clergymen, and the appointment of Cardinal Obando y Bravo to chair the National Reconciliation Commission gave credibility to Managua's pledges to fulfill its commitments under the accord.

Losing Momentum

25X1

In recent weeks, however, US Embassy reporting indicates the regime has begun to drag its feet on key provisions of the plan. It ignored requests by the Church radio station for permission to broadcast news and by a group of businessmen to open a television station. Harassment of dissidents continues, and pro-Sandinista mobs have violently broken up several antigovernment demonstrations, according to press reports. Embassy reporting indicates the regime has ignored opposition concerns in the National Reconciliation Commission and exploited splits in dissident groups to undercut their arguments in national dialogue sessions.

25X1

The regime faces regional criticism for its refusal to negotiate a cease-fire with the insurgents and grant amnesty to political prisoners. Costa Rican President Arias recently said Managua's unwillingness to negotiate a cease-fire with the rebels was the main obstacle to regional peace. Arias also indicated the obligation by Honduras to keep anti-Sandinista insurgents from using its territory depends on Managua's willingness to offer a full amnesty and to negotiate with the rebels.

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

The Sandinistas have responded to persistent outside criticism with a literal interpretation of the peace accord. They have pointed out, for example, that the plan requires dialogue only with unarmed opponents and have claimed that their call for negotiations with guerrilla field commanders is a legitimate effort to reach a cease-fire. They almost certainly interpret 5 November as the deadline for beginning rather than completing such democratic reforms as media freedoms and an end to the state of emergency—a view apparently endorsed by the other Central American governments. [REDACTED]

Managua has also tried to portray additional reforms as politically difficult. Sandinista leaders have told the party faithful that the gains of the revolution will not be reversed and last week declared they will never hold “political talks” with the rebels. President Ortega’s subsequent comment that “cease-fire talks” were possible may be intended to provide “evidence” of splits between moderates and hardliners on the Sandinista Directorate and therefore of obstacles to compliance. [REDACTED]

25X1

25X1

Outlook

To regain the diplomatic initiative, the Sandinistas will probably announce additional moves over the next few days to comply with the peace plan. They may release some political prisoners under a new amnesty law, lift the state of emergency in noncombat areas, broaden cease-fire zones, and set dates for elections to municipal posts and the Central American parliament. Such moves will not satisfy opposition demands for authentic democratic reforms, but the Sandinistas probably hope they will regain breathing space for the regime. [REDACTED]

25X1

The Sandinistas’ principal goal of blocking US assistance to the rebels strongly suggests they will remain intent on demonstrating their willingness to comply with the peace plan, even if it means eventually engaging in indirect cease-fire talks with the rebels. The internal opposition’s ineffectiveness in building an antiregime movement since August may persuade the Sandinistas it is safe to allow more political freedoms for a limited time. [REDACTED]

25X1

The regime probably will use continued US support for the insurgents to justify its failure to comply fully. Managua likely expects that the International Verification Commission, which is dominated by countries in the Contadora and Support Groups, will largely favor Nicaragua. The Sandinistas probably are counting on the Presidents of El Salvador and Guatemala—also eager to avoid major concessions to guerrillas in their countries—to support a lenient interpretation of the peace plan. [REDACTED]

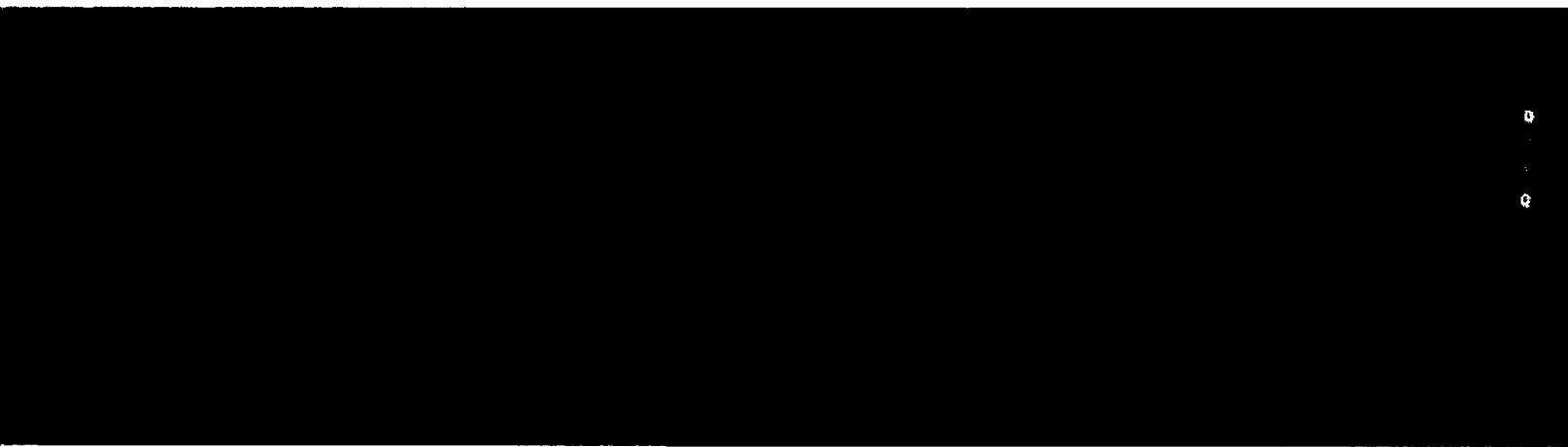
25X1

Top Secret

25X1

Page Denied

Next 3 Page(s) In Document Denied



Top Secret